

D.P.U. 94-5B

Application of Fitchburg Gas and Electric Light Company:

(1) under the provisions of G.L. c. 164, § 94G and the Company's tariff, M.D.P.U. 22, for approval by the Department of a change in the quarterly fuel charge to be billed to the Company's customers pursuant to meter readings in the billing months May, June, and July 1994; and

(2) for approval by the Department of rates to be paid to Qualifying Facilities for purchases of power pursuant to 220 C.M.R. §§ 8.00 et seq. The rules established in 220 C.M.R. §§ 8.00 et seq. set forth the filings to be made by electric utilities with the Department, and implement the intent of §§ 201 and 210 of the Public Utilities Regulatory Policies Act of 1978.

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-and-

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FOR: FITCHBURG GAS AND ELECTRIC
LIGHT COMPANY
Petitioner

I. INTRODUCTION

On April 6, 1994, pursuant to G.L. c. 164, § 94G and 220 C.M.R. §§ 8.00 et seq., Fitchburg Gas and Electric Light Company ("Fitchburg" or "Company") notified the Department of Public Utilities ("Department") of the Company's intent to file a quarterly change to its fuel charge in conformance with its tariff, M.D.P.U. 22, and to its Qualifying Facility ("QF") power purchase rates in conformance with its tariff, M.D.P.U. 82. The Company requested that both these changes be effective for bills issued pursuant to meter readings for the billing months of May, June, and July 1994. These matters were docketed as D.P.U. 94-5B.

Pursuant to notice duly issued, a public hearing on the Company's application was held on April 28, 1994, at the Department's offices in Boston. Notice of the hearing was published by the Company in the Fitchburg-Leominster Sentinel and the Worcester Telegram. The Company also complied with the requirement to mail a copy of the notice of the hearing to the Chairman of the Board of Selectmen and the Town Clerks of the towns of Lunenburg, Ashby, and Townsend, and the Mayor and City Clerk of the City of Fitchburg, to all persons with whom the Company has special retail contracts that do not incorporate a filed rate, and to all intervenors and their respective counsel from the Company's prior two fuel charge proceedings. No petitions for leave to intervene were filed.

At the hearing, the Company sponsored one witness: David W.

Lavoie, contracts supervisor for UNITIL Service Corporation ("UNITIL").¹ The evidentiary record consists of two Company exhibits and three responses to Department record requests.²

The Company owns and operates one generating unit, Fitchburg Unit No. 7, an oil-fired unit of approximately 28 megawatts ("MW"), and receives power under various arrangements from units operated by others. The arrangements include entitlements to 20 MW of the New Haven Harbor unit in Connecticut, which is operated by United Illuminating Company; and one MW of the Wyman 4 unit, operated by the Central Maine Power Company. Fitchburg serves approximately 25,500 customers; in 1993, the Company reported

¹ UNITIL, an affiliate of Fitchburg, provides management services to Fitchburg, including the development of the Company's electric fuel charge.

² The Company offered Exh. FGE-2 as support for the refund the Company included in the fuel charge for replacement power costs associated with a 1991 outage at New Haven Harbor (Tr. at 21-25). The Company included the refund pursuant to D.P.U. 92-5A-1 and the Department's denial of the Company's Motion for Reconsideration of that Order in D.P.U. 92-5A-1-A. The Department notes that the information supplied in Exh. FGE-2 is insufficient for the Department to make a determination as to the accuracy of the refund amount. Therefore, the Department will further assess the accuracy of the refund calculation in the Company's next fuel charge filing.

The response to the Department's first record request addresses the economic analysis supporting the Company's decision to dismantle and return to the lessor at the end of the lease period a gas compressor for its generating unit, Fitchburg Unit No. 7 (Tr. at 16-17). The Company's witness, Mr. Lavoie, testified that the final invoice associated with this transaction will be filed with the Department as part of the Company's next fuel charge filing id.). The Department will complete its review of the Company's decision in its consideration of the Company's next fuel charge filing.

revenues from retail sales of electricity of \$43,189,540, as found in its 1993 Annual Report to the Department.

II. FUEL CHARGE

On April 21, 1994, the Company filed with the Department its proposed changes to its fuel charge and QF power purchase rates for May, June, and July 1994. For these billing months, the Company proposes a fuel charge of \$0.04231 per kilowatthour ("KWH"). The proposed fuel charge is \$0.00017 per KWH more than the fuel charge of \$0.04214 per KWH approved by the Department in Fitchburg Gas and Electric Light Company D.P.U. 94-5A (1994) for meter readings for the billing months of February, March, and April 1994.

The Company's witness, Mr. Lavoie, stated that the proposed increase results primarily from a decrease in forecasted sales compared to the level of forecasted sales in the February-April quarter (Exh. FGE-1 at 2). A decrease in total fuel expenses will partially offset the impact of the decrease in sales id.). Mr. Lavoie testified that the decrease in expenses and sales is due primarily to seasonally lower demand and a lower forecast of oil prices than in the previous forecast period id. at 2-3). In addition, he testified that the projected overrecovery balance at the end of April 1994 will be higher than the overrecovery balance that had been projected for the end of the prior quarter ending in January 1994 id. at 3). Further, Mr. Lavoie explained that the anticipated changes in sales and expenses results in a 0.4 percent increase in the fuel charge id. at 2).

III. QUALIFYING FACILITIES

Pursuant to the Department's rules, 220 C.M.R. §§ 8.00~~et~~seq., rates to be paid to QFs for short-run power purchases are set with the same frequency as the fuel charge. A QF is a small power producer or cogenerator that meets the criteria established by the Federal Energy Regulatory Commission in 18 C.F.R. § 292.203(a) and adopted by the Department in 220 C.M.R. § 8.02.

Pursuant to the governing regulations, the Company is required to calculate short-run energy purchase rates on a time-of-supply basis for two rating periods: peak and off-peak. In addition, the Company is required to calculate a non-time-differentiated rate,i.e., a total period rate, which is a weighted average of the time-of-supply rates, where the weighting is a function of the number of hours in each rating period. See 220 C.M.R. § 8.04(4)(b).

The Company proposed the following standard rates to be paid to QFs during May, June, and July 1994:

Energy Rates By Voltage Level (\$/MWH)

<u>Voltage Level</u>	<u>Peak</u>	<u>Off-Peak</u>	<u>Total</u>
NEPOOL Trans.	22.71	15.98	18.96
Fitchburg 69 KV	22.78	16.03	19.01
13.8 KV Subtrans.	22.99	16.18	19.19
Primary	24.56	16.65	20.14
Secondary	24.81	16.94	20.42

Short-Run Capacity Rates (Mills/KWH)Voltage Level

NEPOOL Trans.	22.97
Fitchburg 69 KV	23.04
13.8 KV Subtrans.	23.25
Primary	24.85
Secondary	25.09

IV. FINDINGS

Based on the foregoing, the Department finds:

1. that the fuel charge to be applied to Company bills issued pursuant to meter readings for the billing months of May, June, and July 1994, shall be \$0.04231 per KWH. (The calculation of the fuel charge is shown in Table 1 attached to this order.)

2. that the qualifying facility power purchase rates for May, June, and July 1994, shall be the rates set forth in Section III above.

V. ORDER

Accordingly, after due notice, hearing and consideration, it is

ORDERED: That the Fitchburg Gas and Electric Light Company is authorized to put into effect a quarterly fuel charge of \$0.04231 per KWH as set forth in Section IV, Finding 1 of this Order for bills issued pursuant to meters reading for the billing months of May, June, and July 1994, subject to refund; and it is

FURTHER ORDERED That the fuel charge approved herein shall apply to kilowatthours sold to the Company's customers subject to the jurisdiction of the Department and shall be itemized separately on all such customers' electric bills; and it is

FURTHER ORDERED That the Company's Qualifying Facility power purchase rates for the billing months of May, June, and July 1994, shall be those set forth in the Table on page 5 of this Order; and it is

FURTHER ORDERED That the Company, in all future fuel charge proceedings, shall notify all intervenors and their respective counsel from the Company's prior two fuel charge proceedings that it is proposing an adjustment to its fuel charge, and shall also notify these persons of the date scheduled for the hearing on the proposed fuel charge at least ten days in advance of the hearing; and it is

FURTHER ORDERED That the Company, in all future fuel charge proceedings, shall provide all intervenors and their respective counsel from the prior two fuel charge proceedings with a copy of its fuel charge filing, in hand or by facsimile, on the same day it is filed with the Department; and it is

FURTHER ORDERED That, pursuant to G.L. c. 164, § 94G (a) and (b), fuel costs allowed by this Order are subject to such disallowance as the Department may determine in any subsequent investigation of the Company's performance period that includes the quarter applicable to the present charges.

By Order of the Department,

Kenneth Gordon, Chairman

Barbara Kates-Garnick, Commissioner

Mary Clark Webster, Commissioner